

# Attitudes

## 5.1. Introduction

This section analyzes the attitudes unbanked Federal check recipients (survey respondents) have toward banking. The objective is to better understand the emotional component in what unbanked recipients think about checks, cashing checks, bank accounts, or banks.

### ***Key Findings***

- Overall, unbanked recipients are satisfied with the way they cash their Federal checks.  
They are satisfied (71%), it is easy (69%), and the location is convenient (70%).  
In addition, the paper format of the check is important (69%).
- The majority of unbanked recipients do not have any specific problems (i.e., discomfort or language barrier) with banks.
- Unfortunately, the majority of unbanked recipients are not interested in having a bank account: 61% think they do not need a bank account.
- However:  
First, bank account and direct deposit acceptance should improve over time.  
Paper checks are less important to younger unbanked respondents.  
Younger unbanked recipients perceive less trouble in having a bank account.  
Younger unbanked recipients express a higher need for a bank account than older recipients.

Second, unbanked recipients who pay a fee to cash their checks consider it expensive to cash their checks.

Finally, significant variations emerge by ethnic group: Blacks are less likely to perceive trouble in using a bank account (39% do not perceive any trouble) and more likely to express a need for a bank account (42% rate their need from maybe to definitely). Only 24% of unbanked Whites rank their need for a bank account from maybe to definitely.

- Banked recipients are more satisfied with their current way of cashing their Federal check than unbanked recipients.

## 5.2. Check Cashing Satisfaction

Unbanked Federal check recipients are satisfied with their current way of handling finances, specifically regarding their Federal check.

Unbanked recipients usually receive one Federal check per month, except SSA&SSI unbanked recipients since they receive both SSA and SSI payments.

### ***Overall Satisfaction, Ease and Convenience***

Unbanked Federal check recipients (71%) are satisfied with the way they currently cash their Federal check.

Sixty-nine percent of unbanked respondents think that it is easy to cash their Federal checks. In addition, 70% think that the location where they cash their Federal checks is convenient.

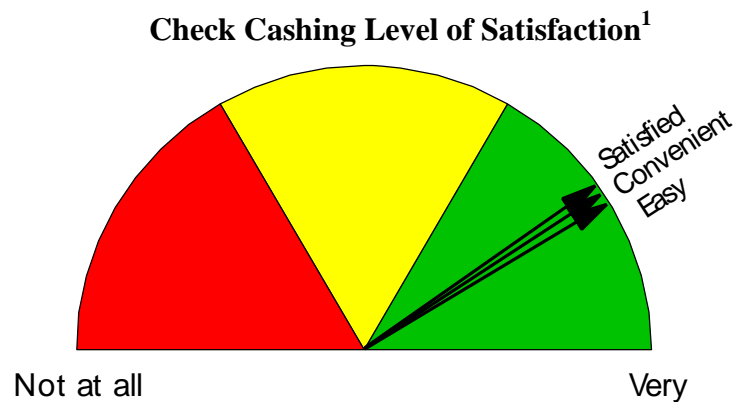


Figure 5.1

<sup>1</sup> All charts of this type are based on a 13 point scale.

## Cost

The majority (58%) of unbanked Federal check recipients do not consider it expensive to cash their Federal checks. However, by only considering the 37% of unbanked recipients who pay a fee for cashing their Federal checks, results are significantly different: 22% consider that cashing their check is from somewhat not expensive to free, while 46% think it is from somewhat expensive to very expensive.

### Check Cashing Cost Overall vs. Fee Payers

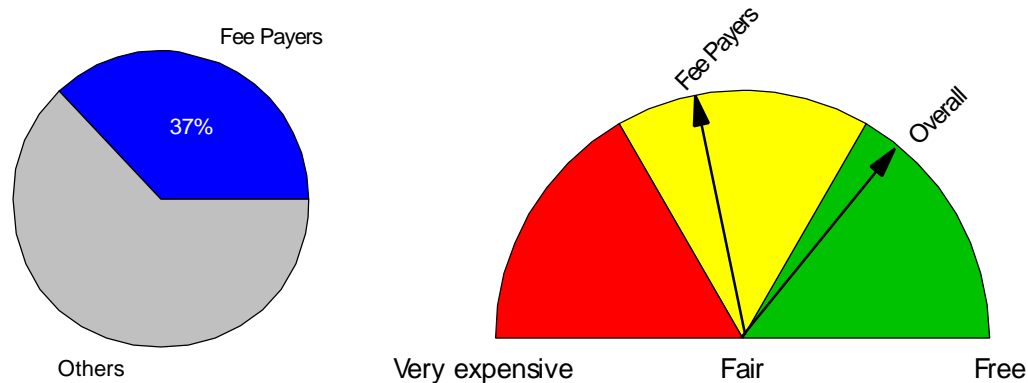


Figure 5.2

Overall, a significant difference in cost perception appears between living areas, as well as between ethnic groups. Unbanked recipients who live in cities perceive cashing checks as being more expensive than do recipients living in other areas. Similarly, Blacks are more likely to think that it is expensive to cash their checks compared to Whites or Hispanics. By selecting only unbanked recipients who pay a fee, the results are even more striking. One quarter of the unbanked recipients living in cities who pay a fee think that it is expensive to cash their checks while only 14% of those who live in the countryside think that it is expensive. Similarly, 28% of Blacks consider it expensive to cash their Federal checks, while only 19% of Hispanics and 20% of Whites think so. Therefore, it appears that some subgroups might be more price sensitive than others among unbanked recipients.

## Paper Importance

In addition to the overall satisfaction with the check cashing process, the paper check itself is important for over two-thirds (69%) of the unbanked Federal check recipients. It is important for the unbanked recipients to receive a paper check, see it and hold it in their hands.

Of interest is that the importance given to the paper check varies by age. The older the recipient, the more important the check is. Over three quarters (78%) of unbanked recipients over 65 years old think that a check is important, while less than half (47%) of unbanked recipients under 25 years old think a check is important. Since younger generations are less attached to checks, the future for electronic payments gets brighter.

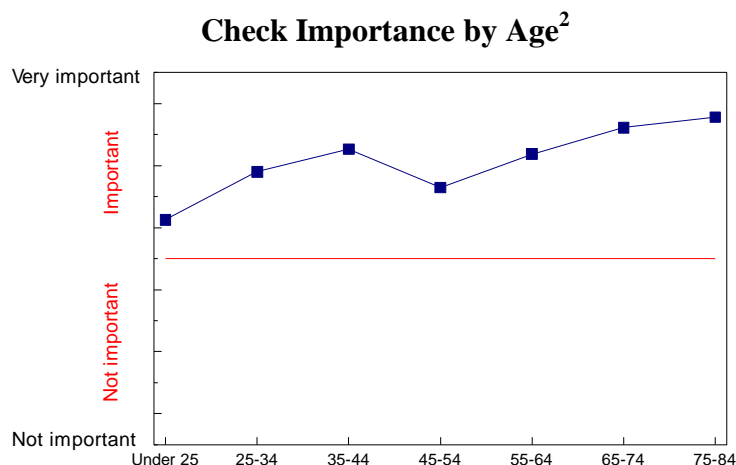


Figure 5.3

### 5.3. Direct Deposit Perception

Though unbanked Federal check recipients know about direct deposit, trust in direct deposit is limited.

#### ***Awareness and Understanding***

Surprisingly, the vast majority (89%) of unbanked Federal check recipients is completely aware of direct deposit as an option to get their benefit. In addition, over half (53%) of unbanked recipients also claim to have a very good understanding of the mechanics of direct deposit — “they know what happens to their money with a direct deposit”.

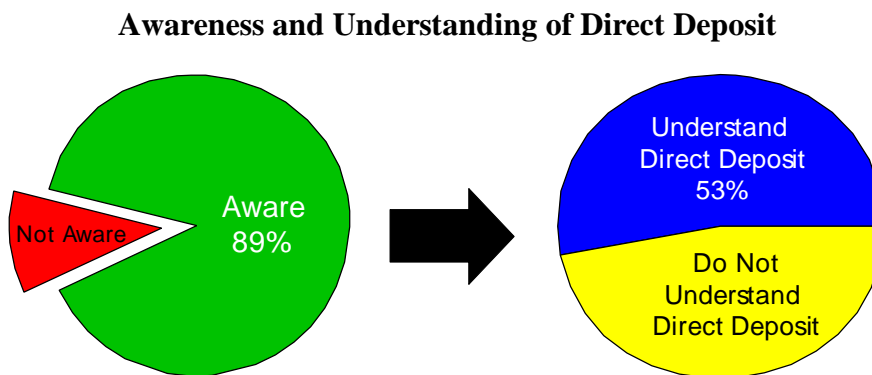


Figure 5.4

<sup>2</sup> Based on 13-point scale.

However, knowledge regarding direct deposit varies by ethnic group:

- In terms of awareness, minorities such as American Indians, Alaska Natives, and Other minorities are less likely to know about direct deposit. Less than 70% of these minorities are aware of direct deposit, while 82% of Hispanics and over 90% of Blacks and Whites know about direct deposit.
- In terms of understanding, fewer Blacks and Hispanics report that they understand direct deposit. Less than half (42%) of Blacks and also of Hispanics understand direct deposit, while nearly two-thirds (61%) of Whites understand it. General education attainment or language might be a factor in the case of Hispanics, but this does not explain the situation in the case of Blacks. Specific marketing to Blacks may improve their understanding of direct deposit.

### Understanding of Direct Deposit by Ethnic Group

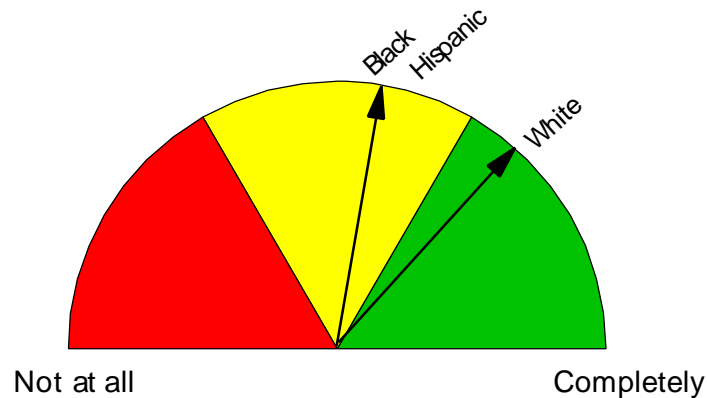


Figure 5.5

### Trust

One-third of unbanked recipients trust direct deposit, while about one quarter (27%) do not trust direct deposit. However, there are significant differences when comparing living areas: 40% of unbanked recipients living in cities trust direct deposit, while only 21% of unbanked recipients living in small towns trust direct deposit.

## 5.4. Bank Account Perception

Some unbanked Federal check recipients express little interest in a bank account because they view it as a cause of trouble.

### ***Qualification versus Usefulness***

Unbanked Federal check recipients are more likely than not to think that they could qualify for a bank account: 41% think they could qualify and 28% think that they might qualify for a bank account.

However, the majority (63%) of unbanked recipients think that they do not have enough money to make a bank account useful.

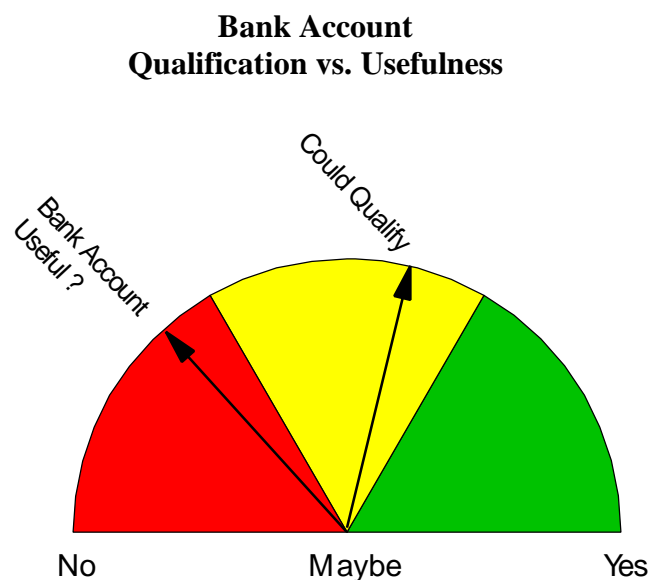


Figure 5.6

### ***Ease of Use***

The majority of unbanked recipients consider it difficult to use a bank account: 62% rank the usage of a bank account from “it could be easier” to “it is too much trouble”.

However, the perception of “too much trouble” varies by age. Older respondents perceive more difficulty in using a bank account than younger respondents. This leads to the belief that the overall perception of “too much trouble” among unbanked recipients should decrease in the future.

### Bank Account Ease of Use by Age<sup>3</sup>

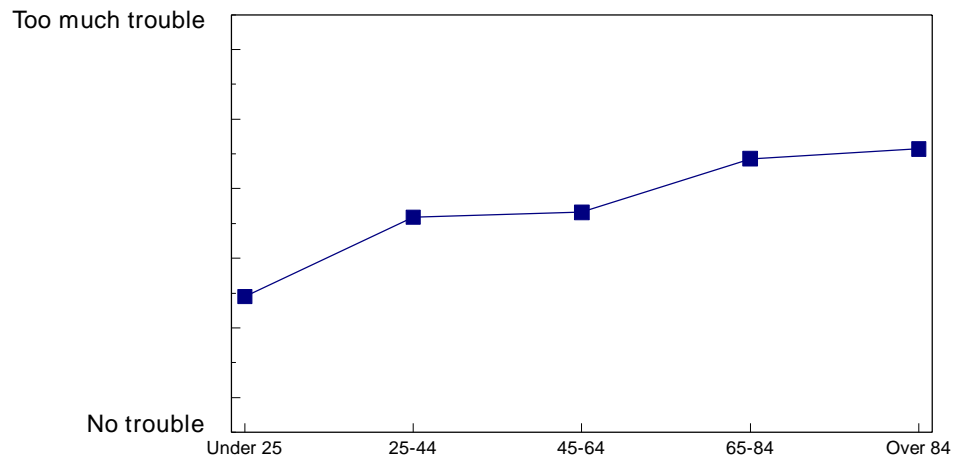


Figure 5.7

In addition, unbanked recipients living in different areas do not perceive the same level of difficulty in using a bank account. Over one-third (36%) of unbanked recipients living in cities think that it is “no trouble” to use a bank account while only 17% of unbanked recipients living in small towns think so.

Blacks are least likely to perceive “too much trouble” in using a bank account, compared to American Indians or Alaska Natives who perceive the most trouble. Over one-third (39%) of Blacks do not view much trouble using a bank account, while 65% of American Indians or Alaska Natives perceive a fair amount of trouble.

The perception of “too much trouble” also varies by program. Unbanked recipients who receive both SSA and SSI benefits are more likely to think that it is too difficult to use a bank account.

### **Risk**

Unbanked Federal check recipients (71%) are not worried of losing money they would put in a bank account due to a divorce, child or family support, lawsuit or legal judgement.

In fact, from the comments, it appears that one of the perceived advantages of banks is the security they offer:

- Out of 219 comments regarding what unbanked recipients like about banks, 12% mentioned the secure aspect of banks.
  - “Banks are places to protect your money.” (SSA&SSI, Small town)
  - “Safe place to keep your money.” (VA, Suburb)

<sup>3</sup> Based on 13 point scale.

## **Need**

Whether recipients perceive some difficulty or none, some usefulness or none, or some risk or none, one final statement is clear: the majority (61%) of unbanked recipients consider that they do not need a bank account.

However, consistent with responses regarding “too much trouble”, the need for a bank account varies by ethnic group. Specifically, 42% of unbanked Black recipients rate their need for a bank account from maybe to definitely, compared to only 24% of unbanked Whites. This shows that unbanked Black recipients are more likely to accept a bank account.

**Bank Account Need by Ethnic Group**

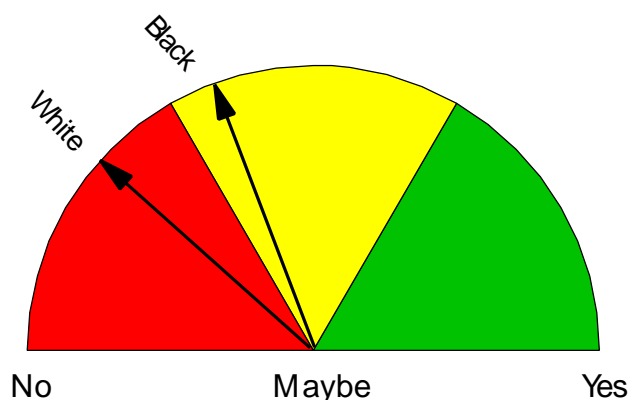


Figure 5.8

## **5.5. Banking and Others**

Overall, unbanked Federal check recipients do not like to have someone else involved in their financial transactions.

### ***Other Person's Bank Account***

Over three quarters (76%) of unbanked Federal check recipients do not use another person's bank account for their banking needs. This is consistent with the residence statistics where only 21% of unbanked recipients live with relatives, 3% in institutions, and 7% in some other type of residence including living with friends.



## Privacy

In addition, for the majority (54%) of unbanked recipients, it is somewhat to very important that other people do not know how much money they have. Variations exist by ethnic group<sup>4</sup>. Nearly two-thirds (62%) of Black unbanked recipients find such privacy to be somewhat to very important, compared to only 41% of Hispanics. About 53% of Whites fit in this same range.

The importance of financial privacy also varies by living area<sup>4</sup>. Nearly one half (49%) of unbanked recipients living in the countryside think that such privacy is important compared to 36% of unbanked recipients living in small towns<sup>5</sup>.

## 5.6. Bank Perception

Overall, it appears that unbanked Federal check recipients do not have any major issues with banks and are comfortable in a banking environment.

## Language Issue

The vast majority (81%) of unbanked recipients do not have a hard time using banks because of a language issue. As expected, this depends significantly on the ethnic group. Smaller ethnic minorities as well as Hispanics encounter more difficulties in using banks because of a language issue. Eighty-eight percent of Whites and 84% of Blacks do not experience any language barrier, while this is the case for only 56% of American Indians or Alaska Natives, 65% of Hispanics and 56% of Other ethnic groups. The language difficulties experienced by a minority of Whites and Blacks might be due to language disability or the complexity of banking terminology.

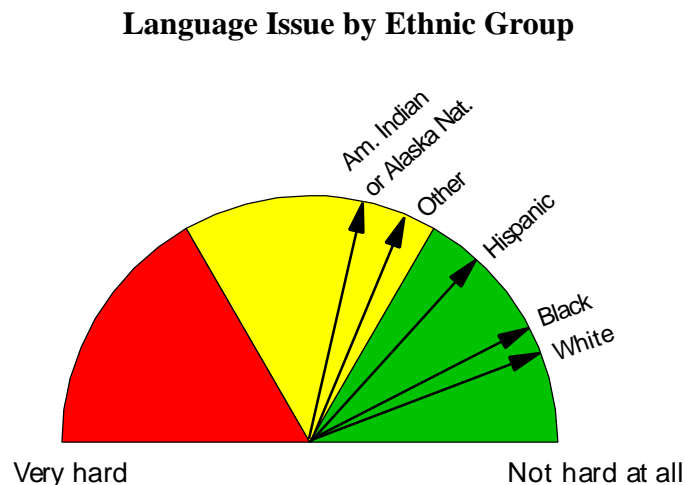


Figure 5.9

<sup>4</sup> At a 90% confidence level.

<sup>5</sup> Reminder: Only significant segmentation is presented. This explains the absence of “City” which is not significantly different from other living areas.

## **Staff**

Finally, nearly two-thirds (62%) of unbanked Federal check recipients feel comfortable with banks and their staff. This suggests that going to banks for banking services is usually not the problem.

However, comments showed an issue with staying in lines at banks because they are understaffed:

— “*Not enough tellers make for long lines on first of the month.*” (SSA&SSI, City)

— “*Stand in long line, or wait forever to drive through.*” (VA, Suburb)

## **Check Cashing Service**

Comments showed that what unbanked recipients often like about banks is that they cash their checks.

- Out of 219 comments regarding what unbanked recipients like about banks, 21% mentioned banks’ check cashing services.

— “*I like the bank because I can cash a check easily with no problems.*” (SSA, Countryside)

— “*Just to cash checks.*” (OPM, City)

## **5.7. Unbanked versus Banked**

On several matters, banked Federal check recipients have attitudes similar to unbanked recipients in terms of liking their current way of doing things.

### **Check Cashing Perception**

- Overall, banked recipients are more satisfied with their current way of cashing their Federal check than unbanked recipients: 83% are satisfied, compared to 71% for unbanked; 84% think that it is easy versus 69% of unbanked; 77% find it convenient, compared to 70% for unbanked.
- As expected, because they have a bank account, banked recipients perceive it to be less expensive to cash their checks: it is perceived as not being expensive for 87% of them, compared to 57% of unbanked recipients.

### ***Direct Deposit Perception***

- Banked recipients' awareness and understanding of direct deposit are significantly higher than those of unbanked recipients. More (96%) banked recipients are aware of direct deposit versus 89% of unbanked recipients; 71% of banked recipients understand direct deposit compared to 52% of unbanked recipients.
- 49% of banked recipients trust direct deposit, while 32% of unbanked recipients do.

### ***Bank Account Perception***

- As expected, banked recipients are more likely to think that they have enough money to make a bank account useful, while unbanked recipients do not. Nearly two-thirds (65%) of banked recipients consider that they have enough money to make a bank account useful. On the other hand, nearly two-thirds (63%) of unbanked recipients clearly consider that they do not have enough money to make a bank account useful.

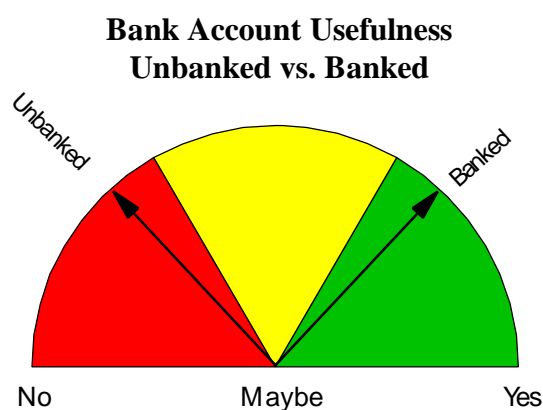


Figure 5.10

- Similarly, 79% of banked recipients consider that it is no trouble to use a bank account, compared to 30% of unbanked recipients.

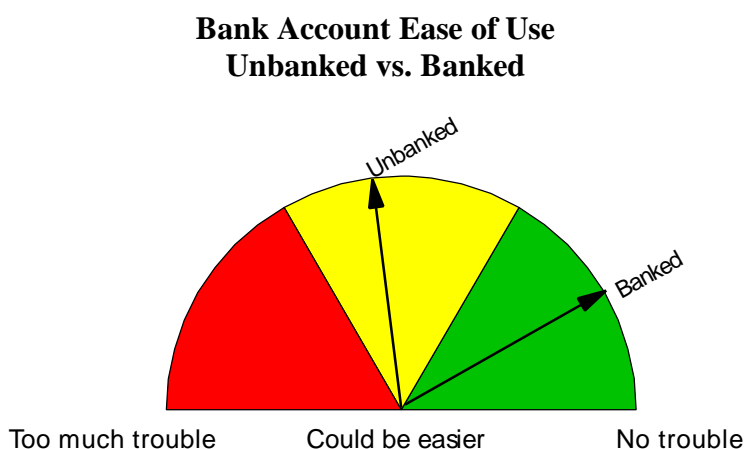


Figure 5.11

- Over half (51%) of banked recipients think that they need a bank account. In contrast, 62% of unbanked recipients express that they do not need a bank account.

### Bank Account Need Unbanked vs. Banked

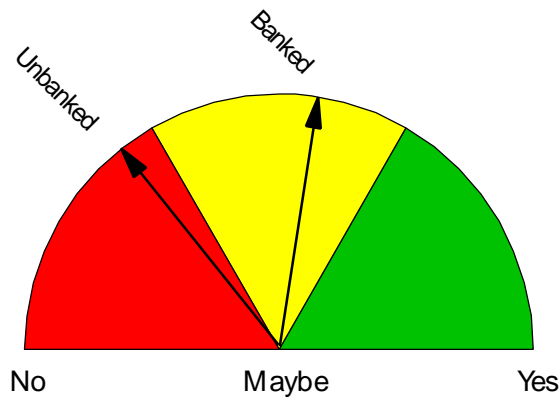


Figure 5. 12

### ***Banking and Others***

- Banked recipients tend to use another person's bank account for their banking needs less than unbanked recipients: 90% do not use someone else's account versus 78% for unbanked.
- In addition, it is even more important for banked recipients that other people do not know how much money they have: financial privacy is important for 58% of banked compared to 34% of unbanked recipients.

### ***Bank Perception***

- Clearly, banked recipients feel more comfortable than unbanked recipients in a bank environment. Banked recipients have very few language issues. In addition, three quarters of them feel comfortable with banks and their staff.